

FY 2016 Budget Summary - H.490 Senate Appropriations Committee - April 30, 2015

	All Fds	%	State Funds	%	General Fund	%
FY 2015	\$5.472	3.5%	\$2.272	1.5%	\$1.410	1.8%
FY 2016	\$5.531	1.1%	\$2.354	3.6%	\$1.469	4.1%

The FY 2016 budget reflects a multiyear process to bring spending and revenues toward long-term sustainability. Slower economic growth, federal reductions, and growing service demands create a difficult budget environment. FY 2015 saw over \$40 million in revenue downgrades. This FY 2016 budget addresses a GF gap of \$113.2 million.

The Appropriations Conference Committee agreed on five goals:

1. Reduce reliance on one-time funding: The FY 2015 budget relied on \$53 million of one-time funds. This budget includes \$25 million of one-time funds, combined with actions to reduce base spending.
2. Increased usage and expectation of multiyear analysis of program costs.
3. Move toward budgeting less than 100% of projected revenue.
4. Explore moving toward a 2-year budget.
5. Extend the inclusion of key outcome and performance measures comprehensively across programs.

The budget solves the \$113 million budget shortfall with:

\$56M cuts & funding changes \$30M new GF & \$1.8M new SF fee revenue \$25M one-time resources

The FY 2016 budget puts in place structural initiatives:

- Supports criminal justice system changes with expanded videoconferencing, improvements to transport, capital bill support for a judicial case management system, and a legislative criminal justice committee replacing corrections oversight.
- Explores a centralized corrections unit for men and other options to replace aging facilities.
- Moves toward improved grant administration and oversight of grants.
- Proposes two special commissions, each with three nongovernmental members to:
 - Look at structural changes in how government provides services, including public-private partnerships;
 - Review development, regulation, and funding of information technology-a growing area of activity and concern in government.
- Promotes greater efficiencies in State buildings, State fleet, and general operations; includes a new linkage between BGS and Efficiency Vermont to address energy efficiency in State buildings.

The FY 2016 budget also:

- Postpones dispatch centralization until September 15, 2015 to allow development of alternatives.
- Provides Judiciary with an additional \$700,000 in base funding and limits the pay act reduction to meet budget needs and allow for the hiring of new judges.
- Fully funds the Veterans' Home to give it another year to find needed savings.
- Funds a classification study and provides for a retirement incentive program to aid the Administration in achieving \$10.8 million in labor savings while protecting lower paid employees.
- Contains a \$5 million cut to Vermont Health Connect and creates a means for the Legislature to monitor to ensure that system developments meet agreed-upon targets. Provides for exploration of alternatives to the State exchange.
- Fully funds the Education Fund transfer.
- Funds VIT through December 31, 2015 to allow an orderly transition to new technologies.
- Builds agriculture and forestry jobs with \$500,000 in funding for the Working Lands Program and requires a review of the program to maximize state resources including a revolving loan format.
- Reserves \$5 million of end of the year surpluses for LIHEAP, \$13 million for Medicaid, and the remainder for distribution in accordance with statute: 1/4 to the Education Fund 1/2 to pay the teachers retirement cash flow borrowing, and 1/4 to the Rainy Day Fund.

The Conference Committee acknowledges that the budget makes difficult choices and its limits will be felt by Vermonters throughout the State.